

Message Text

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PAGE 01 DHAHRA 01024 201044Z

ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-08 STR-07 FTC-01 OPIC-06

L-03 TRSE-00 SP-02 CIAE-00 INR-10 NSAE-00 AID-05

OMB-01 /054 W

-----062203 201439Z /42

R 201026Z AUG 78

FM AMCONSUL DHAHRAN

TO SECSTATE WASHDC 6441

INFO USLO RIYADH

AMEMBASSY JIDDA

UNCLAS DHAHRAN 1024

E.O. 11652: N/A

TAGS: BEXP, SA

SUBJECT: SAUDI POLICY ON USE OF AGENTS

REF: STATE 210903

1. THERE IS NO RPT NO REGULATION, RECENT OR OTHERWISE, PROHIBITING SAUDI RETAILERS FROM PURCHASING FROM ANY PARTY OTHER THAN A SAUDI. ANY SAUDI OR SAUDI FIRM WITH A CERTIFICATE OF REGISTRATION FOR TRADING

MAY IMPORT FROM ANY NON-BOYCOTTED SOURCE.

2. THERE ARE REGULATIONS (ROYAL DECREE NO. M/2 OF THE KINGDOM OF SAUDI ARABIA DATED JANUARY 20, 1978) WHICH STATE THAT ONLY SAUDIS OR 100 PERCENT SAUDI-OWNED FIRMS MAY ACT AS AGENTS OR TRADERS IN THE KINGDOM. IN ADDITION THERE IS A 5 PERCENT CEILING ON COMMISSIONS PAYABLE TO A SAUDI AGENT. THERE HAVE BEEN RECENT PRESS ARTICLES NOTIFYING FOREIGN COMPANIES OPERATING IN THE KINGDOM THAT THEY MAY NOT DIRECTLY IMPORT FOODSTUFFS AND CONSUMER GOODS INTO THE KINGDOM. THIS PROHIBITION IS BASED ON THE 100 PERCENT SAUDI RESTRICTION FOR AGENTS AND TRADERS.

3. WYANDOTTE HAS THE OPTION OF DIRECT SALES TO OTHER SAUDI

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TRADERS. THEY SHOULD OF COURSE COMPLY WITH THE COMMISSION PROVISION IN THEIR AGENCY AGREEMENT. WYANDOTTE MAY ALSO CHOOSE TO ABROGATE ITS AGREEMENT IF DISSATISFIED WITH AL IQBAL PERFORMANCE.

4. IT IS POST OPINION THAT AL IQBAL WOULD NOT RPT NOT BE LIKELY TO BRING SUIT FOR DEPRIVATION OF PROFITS. ALTHOUGH PRICE-GOUGING

IS NOT ILLEGAL IN THIS CASE, THE SAUDI GOVERNMENT FROWNS UPON
ACTIONS WHICH CONTRIBUTE TO INFLATION. WYANDOTTE MAY WISH TO
CONSIDER LOCAL LEGAL COUNSEL IF AL IQBAL PERSISTS.

5. FOR JIDDA AND RIYADH. PLEASE COMMENT IF YOUR VIEWS DIFFER
FROM THE ABOVE.
BUSHNELL

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NNN

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Automatic Decaptioning: X
Capture Date: 01 jan 1994
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Decaption Date: 01 jan 1960
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Drafter: n/a
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TAGS: BEXP, SA
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